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Saskatchewan Municipal Development Corporation

1981 Annual Report

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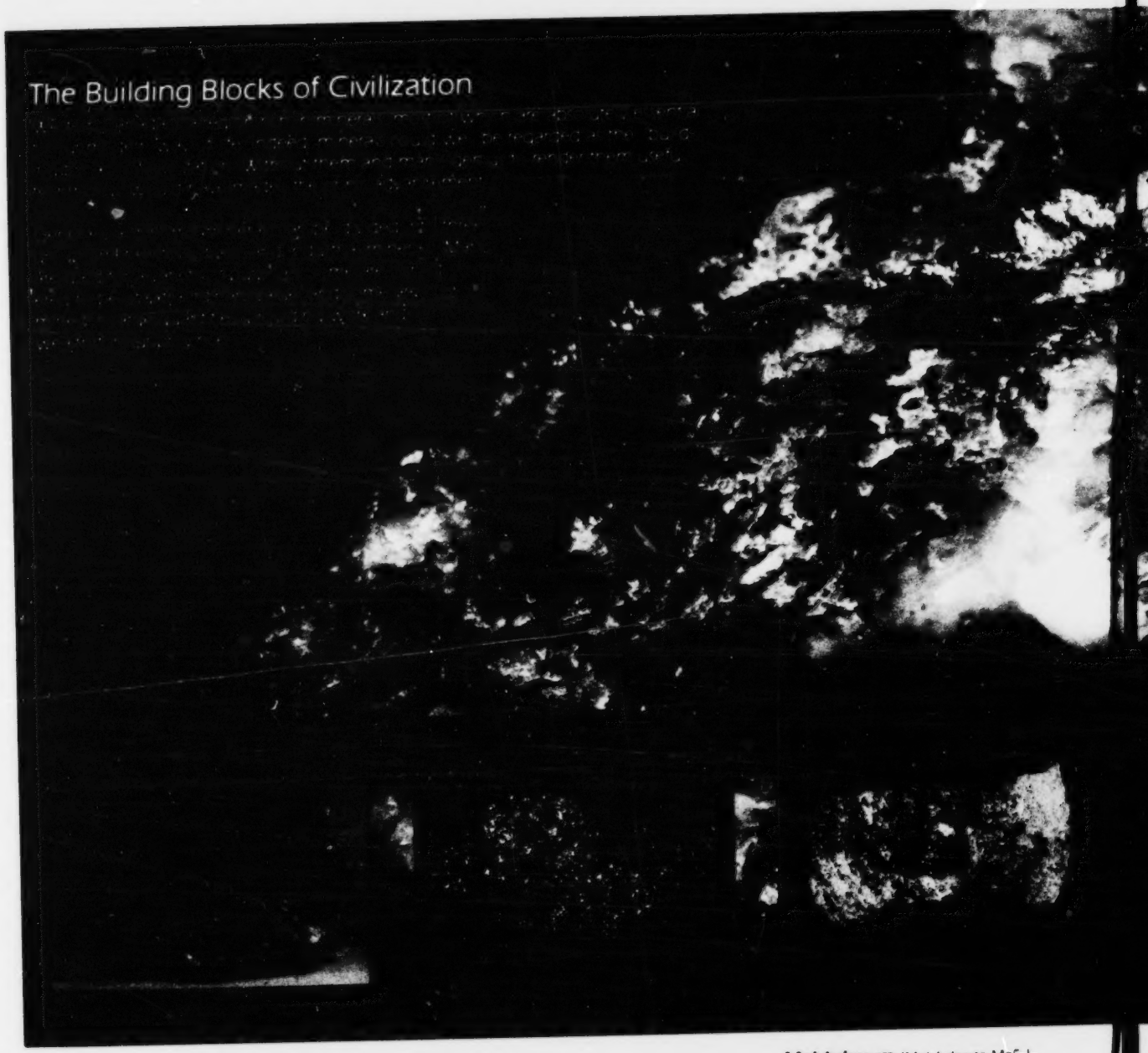
The Building Blocks of Civilization



Uranium (Uraninite UO_2)
SMDC is currently involved in two major uranium developments — a producing mine at Cluff Lake and the Key Lake development that will begin production in 1983. These important discoveries, with which SMDC has been associated, are in the Athabasca Basin. Uraninite and pitchblende, the principal ore minerals, are heavy and black. The Athabasca deposits, which mostly occur where basement rocks of the Wollaston fold belt are overlain by younger sandstone, constitute a major part of Canada's uranium reserves. Canada has the world's largest known reserves and, since 1959, has been ranked as the second largest uranium producing country in the Western World.

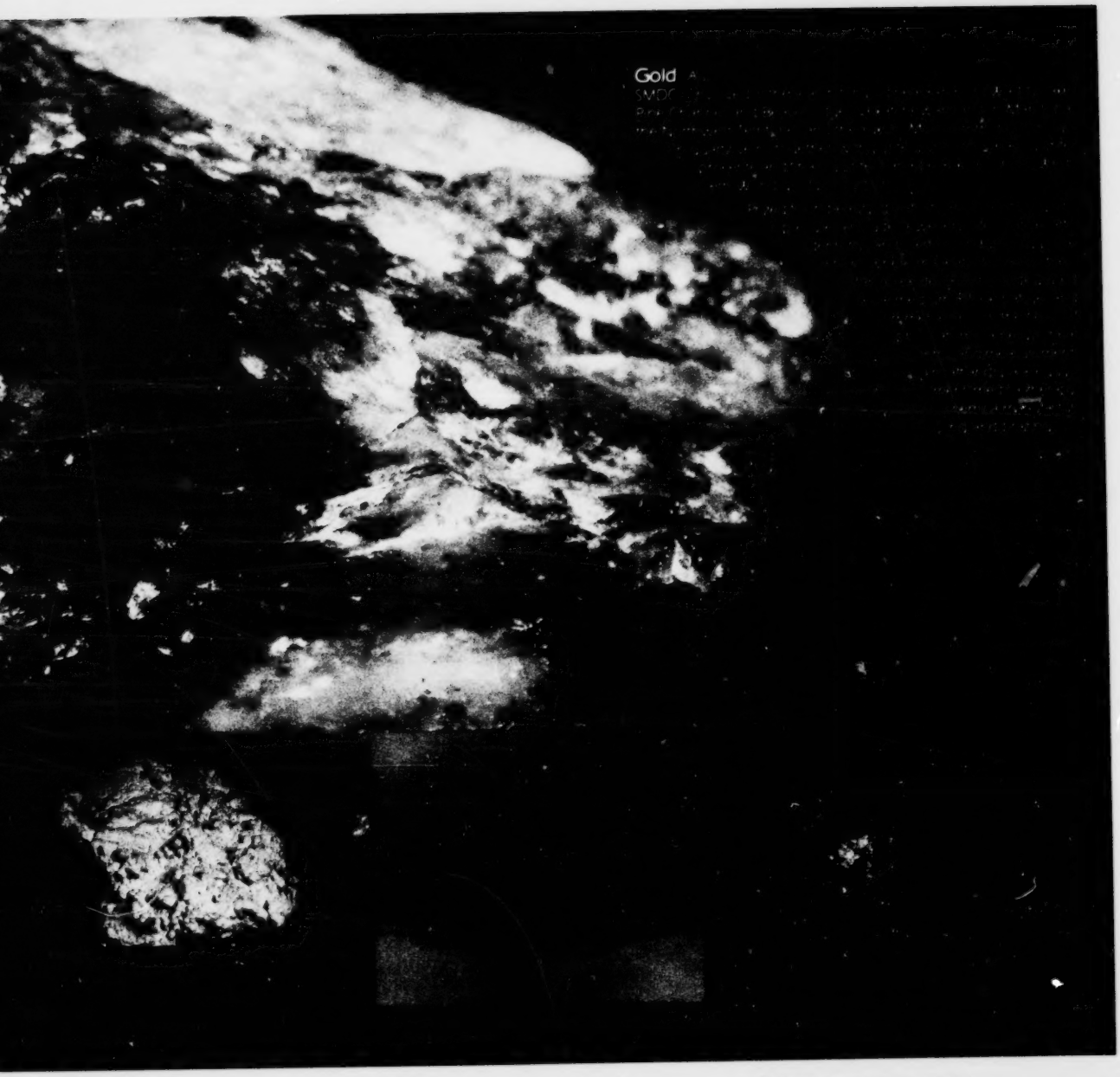
Uranium and related radioactive elements are used in nuclear reactors for the production of electricity, in color televisions and in cancer therapy.

Silver (Ag)
Silver has been detected by SMDC near Stony Rapids, Hanson Lake, La Ronge, and Beaverlodge, Saskatchewan, and in British Columbia and the Yukon. It is generally recovered as a co-product or by-product of lead, zinc, copper, cobalt, and gold. Canada is the third largest producer in the Western World.

The trend toward reducing or eliminating the silver content of coins has reduced some demand, but the metal is needed in the photographic industry, in electrical appliances, automotive parts and complex electronic devices requiring maximum conductivity and reliability such as the guidance systems for space flight.

Molybdenum (Molybdenite MoS_2)
SMDC is presently exploring for molybdenum in British Columbia. Molybdenite, the only significant ore of molybdenum, is blue-grey and soft. It occurs principally in fractures in certain granitic rocks, commonly associated with chalcopyrite, but also in disseminations, veinlets, pegmatites and breccias. Canada is second in world production.

Molybdenum is a silvery-white refractory metal, very soft, with a melting temperature of 2620°C. The iron and steel industry accounts for 80 percent of total consumption, the remainder being used in high temperature alloys, in lubricants, chemicals, dyes and catalysts. The metal and its alloys are used in high-temperature space technology and in structural components for nuclear reactors.



Limestone (mainly $CaCO_3$ plus $MgCO_3$)
Limestone is estimated to constitute 15% of the earth's crust and is present in many parts of Canada. Its major use is as a flux in the steel industry but it is important also in the production of pulp and paper. It is necessary in the milling of uranium, the production of beet sugar, the preparation of chemicals and fertilizers, the treatment of water supplies and sewage and the removal of sulphur from furnace gasses. High calcium limestone is the primary material used in the manufacture of lime and Portland cement. Limestone is also a popular building stone.

SMDC has been examining possible sources of high calcium limestone in Saskatchewan and Manitoba. Purity of the raw material and access to transportation and markets are important factors in the development of limestone projects.

Graphite (C)
SMDC is presently evaluating the economic viability of a graphite deposit located about 10 km northeast of the village of Southend, on Reindeer Lake. Graphite is a very soft, grey-black mineral composed of pure carbon and is mostly derived from carbon-rich shales and limestones which have undergone extreme heat and pressure. Although graphite occurs in many parts of northern Saskatchewan, the deposit near Southend is of particular interest because it may offer large-flake graphite of very high quality.

Canada at present imports graphite to meet all of its requirements. Graphite is used for crucibles and refractory products, in the making of lubricants, in brushes for electric motors, in foundry facings, batteries and pencils. It is also useful as a colouring agent.

Copper (Chalcopyrite $CuFeS_2$)
SMDC is searching for copper in areas near Hanson and Amisk Lakes between La Ronge and Reindeer Lakes in Saskatchewan, and also in Manitoba, British Columbia and the Yukon. Chalcopyrite, the main ore mineral, occurs disseminated in some granitic porphyry deposits, is widespread in certain sediments and occurs with zinc or nickel in massive sulphide deposits. Canada is a major producer of copper.

Copper is noted for its malleability and ease of working, durability, electrical conductivity, corrosion resistance and alloying properties. Non-magnetic, it can be welded, brazed or soldered. It has, therefore, been fundamental to the growth of industry. More than half the copper produced is used for motors and for the transmission of electricity. Communications components, domestic appliances, and plumbing goods also rely on copper.

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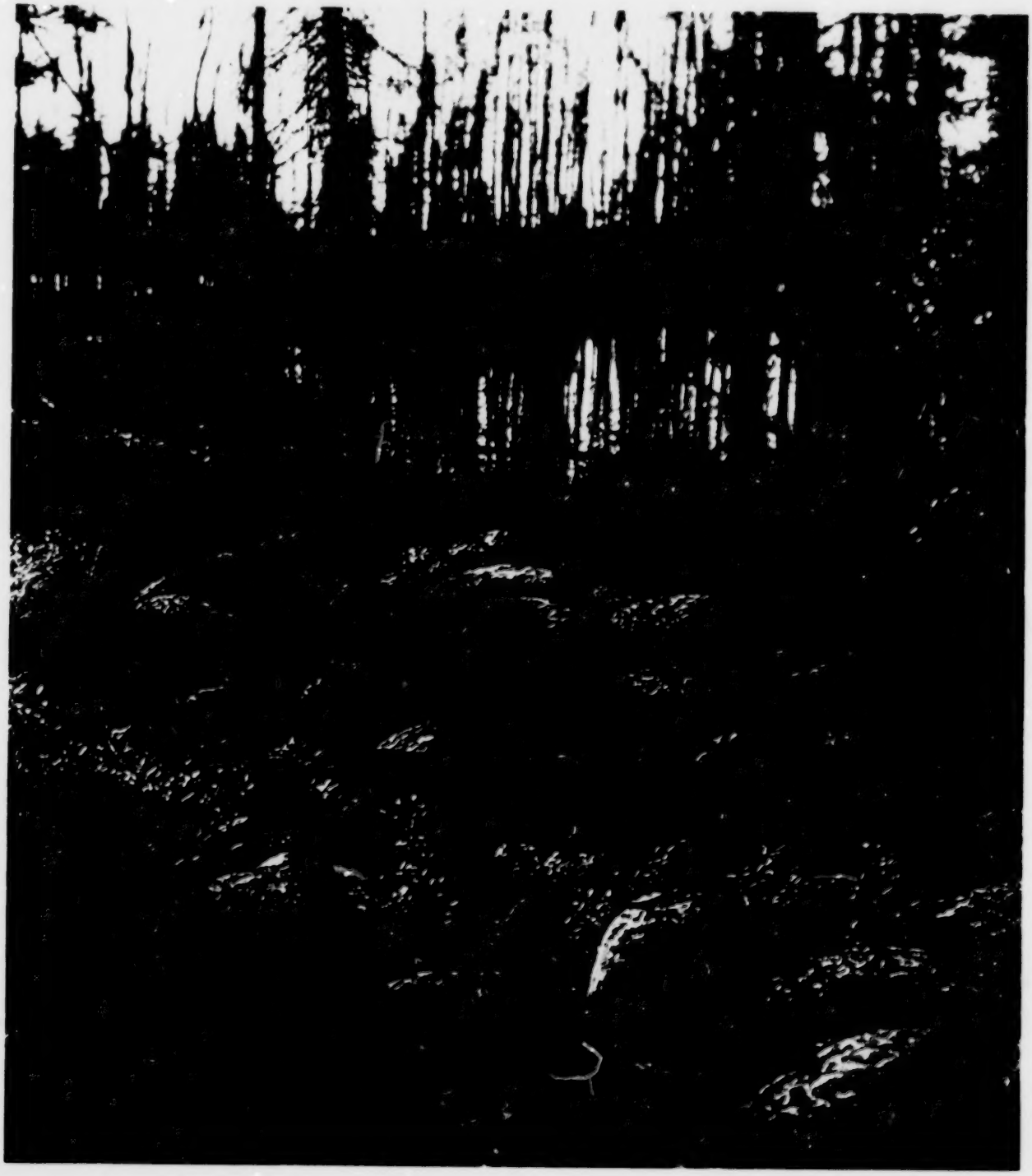
Northern Saskatchewan — a region of unparalleled beauty.



Letter of Transmittal

February 12, 1982

To His Honour,
The Honourable C. Irwin McIntosh,
Lieutenant-Governor of the Province of Saskatchewan.

Sir

I have the honour to transmit herewith the annual report of the Saskatchewan Mining Development Corporation for the year ending December 31, 1981, including the financial statements in the form requested by the Treasury Board and duly certified by the auditors of the Corporation.

SMDC completed its first full year as a producing mining company in 1981. Production from the Cluff Lake mill totalled 3.35 million pounds of uranium oxide. Construction began on the Key Lake mine and mill facility and at year end progress toward a start-up date of mid-1983 was on schedule.

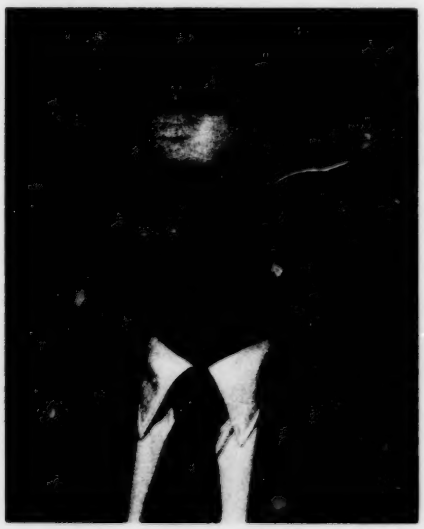
During the year, progress was made in securing markets for the uranium product the Corporation will have available beyond 1983. Uranium markets stabilized during the second-half of the year and utility interest in entering into long term supply commitments strengthened. At year end letters of acceptance had been received from various utilities in North America, Western Europe and Asia.

SMDC has established itself profitably as a major uranium supplier at a time when uranium prices appear to have bottomed. The Corporation offers a bright future as a major contributor to the economic health of the resources sector of the provincial economy.

Respectfully submitted,

Elwood Cowley

Elwood L. Cowley,
Minister in charge of the
Saskatchewan Mining Development Corporation



A "thin section" (0.03 mm thick) of hornblende-biotite gneiss from the Black Lake area. This magnified slide is typical of the kind of sample research geologists examine to determine the internal structure of rocks.

President's Perspective

As a participant in the hardrock mineral industry, the Corporation contributed to the economic strength and diversity of the province during 1981. Our efforts have been directed towards achieving development in a socially and environmentally responsible manner.

Net earnings for the 1981 calendar year amounted to $5.5 million. These earnings accrue from our participation in the Cluff Mining Partnership.

Production from the Cluff Lake project reached 1.5 million kilograms of U_3O_8 during 1981, falling short of name plate capacity due to start-up difficulties in the first six months. The plant performed at or above a production rate of 1.8 million kilograms of U_3O_8 in the second half of the year.

Partnership sales for the year amounted to $138 million, of which our 20% share was $27.6 million. During the year, the partnership entered into a contract committing the remainder of the Phase I production from the "D" orebody to a European customer.

The past year was a period of adjustment in the uranium market. The market and prices remained relatively weak during the period. The spot market price per pound of U_3O_8 declined from US$25.00 to US$23.50 during the first half of the year, but held steady for the latter half of 1981. This trend occurred as some electrical utilities attempted to rationalize their inventories to bring them into line with adjusted future requirements. The reduction in

requirements reflected, in large part, deferrals in the U.S. nuclear generating program; the need to rationalize inventories was accentuated by the high cost of borrowed funds. These factors, when coupled with the prospect of new, relatively low-cost producers entering the market place, caused a cost-price squeeze on higher-cost producers that resulted in several of these reducing production or withdrawing from the market.

The longer term outlook continues to be encouraging. Based solely upon those reactors currently in the construction phase, western world nuclear generating capacity and uranium consumption are expected to increase at an annual rate of 11-12% throughout the decade of the eighties. In 1995 nuclear power capacity in the western world is expected to be more than three times that of 1981. By the year 2000, several advanced industrialized countries plan to achieve a minimum of 35% of their electrical output from nuclear energy. The growing role of nuclear energy is well illustrated by France and Germany, who realized increases of 68% and 23% respectively, in nuclear generating capacity in 1981.

Major progress was made during the year in marketing SMDC's share of the Key Lake project's production. Commitments entered into to date and those in the final stages of negotiation will provide the base load for our share of the project and assure its financial viability. The marketability of Key Lake product reflects the economic soundness of a project which offers large, high-grade, near-surface ore reserves. This combination of factors offers the further attraction of the ability to vary production levels on an annual basis without significantly impacting on the effectiveness of the operation, enabling the development to respond to changing market conditions and customer needs.

Vigorous construction activity at the Key Lake site commenced with the signing of the surface lease with the provincial government in late August. The hiring and contracting policies of Key Lake Mining Corporation (KLMC) ensure that maximum benefits accrue to northern native workers and northern businesses. Since August, of a total of $71 million let in contracts, $63 million have gone to Saskatchewan contractors. Nearly two-thirds of those contractors are either northern contractors or joint ventures where northern contractors hold a majority interest. In addition, the Key Lake project will meet the most stringent environmental and occupational health and safety standards for such a project. Site work has progressed well with project completion scheduled for mid-1983 and full production capability available in 1984.

We were particularly encouraged by the results of uranium exploration on the Dawn Lake, Eagle Point and Cluff Lake projects where SMDC holds interests of 54, 33 1/3, and 20 percent respectively.

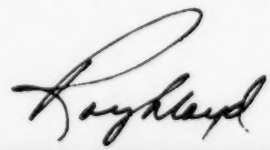
The year also saw a shift in emphasis of our exploration

efforts towards base and precious metals with the portion of our exploration budget dedicated to this area increasing to 16.4 percent from 9.3 percent in the previous year. In the forthcoming year we will further increase the emphasis on base and precious metal exploration.

Our efforts to diversify and to develop in the industrial minerals sector continued during the year. Feasibility work continued on the Deep Bay Graphite project and investigation into the feasibility of processing limestone and magnesium metal in the province was begun.

The Corporation's research program was directed towards methods of extracting deeper, high-grade uranium deposits to increase their cost competitiveness and to reduce exposure to radiation hazards. Work also centered on the development of new and more cost-effective systems and technologies for our exploration programs.

On behalf of the Corporation, I would like to express our appreciation to the Board of Directors for their continued support and direction. My sincere thanks are also extended to our employees, whose contribution to the growth and diversity of the Corporation is fundamental to our success.



Board of Directors

Honourable Elwood Cowley — Regina, Minister of Economic Development, Minister of Mineral Resources, Provincial Secretary, Chairman, SMDC Board

Honourable Jerry A. Hammersmith — Prince Albert, Minister, Department of Northern Saskatchewan, Vice-Chairman, SMDC Board

R. Kenneth Laxdal — Yorkton, chartered accountant
John V.C. Mills — Chaplin, General Manager, Saskatchewan Minerals
Kathleen V. Nagel — Eatonia, farmer and homemaker
Morris W. Reid — Racine, Wisconsin, retired Chairman, J.I. Case Co.
Terry H. Stevens — Saskatoon, International Representative, United Steel Workers of America
John L. Walton — Regina, Corporate Officer, Crown Investments Corporation
Aubrey B. Wood — Ruthilda, farmer, member, Saskatchewan Wheat Pool Board
*Elisabeth Kassian, Acting Corporate Secretary, Crown Investments Corporation
*Leonard F. Bradley — Regina, Corporate Secretary, Crown Investments Corporation

*Served for part of 1981

Front, left to right, Kathleen Nagel, Elwood Cowley, Elisabeth Kassian, Morris Reid, John Walton. Back, left to right, Aubrey Wood, Kenneth Laxdal, John Mills.

Operations

I Exploration

The Corporation was involved during the past year in 176 active exploration projects. Of these, 127 were partner-operated and 49 were SMDC-operated. Both SMDC-operated and partner-operated projects are now administered within a single Exploration Branch, under General Manager, G.D. Pollock. The Exploration Branch employs 65 permanent staff members. The total staff increases to about 150 employees during the summer field season. Staff are located in Saskatoon, the head office, in La Ronge, the major base for northern Saskatchewan field operations, and in a small exploration office opened in 1981 in Vancouver. Completion of a number of projects in the Beaverlodge area resulted in closure of the Uranium City office and staff transfers to La Ronge and Saskatoon.

1. Uranium

During the year, SMDC participated in 20 major uranium exploration projects and operated a further six projects on behalf of joint venture partners. All of these projects were located either in the marginal parts of the Athabasca Basin or in the Carswell uplift area within the Basin. There has been a trend toward concentrating exploration in the known favourable areas, in particular that portion of the Athabasca Basin underlain by the Wollaston Domain basement rocks.

SMDC has maintained an effective program of basic prospecting but, in addition, has tested new geophysical methods which are providing more accurate information about the deeper parts of the Athabasca Sandstone Basin. Traditional prospecting has discovered new occurrences of uranium-bearing sandstone boulders on two SMDC-operated projects. Drilling on a partner-operated project located mineralization in Athabasca sandstone which may represent the source of mineralized boulders discovered in previous years.

New geophysical methods appear to be effective in areas where the sandstone thickens to 500 m or more. During the past year, electromagnetic geophysical surveys and diamond drilling follow-up succeeded in locating graphite-associated uranium mineralization beneath sandstone cover in excess of 400 m thick.

In several projects uranium mineralization was found to extend to a considerable depth within the sub-Athabasca basement rocks. During the year a trend developed toward deeper drilling in basement rocks.

(cont'd on p. 12)

Drilling Statistics

		Diamond Drilling (m)		Rotary & Percussion Drilling (m)	
SMDC-Operated Exploration Projects		**1981**	1980	**1981**	1980
Exploration for Uranium	Saskatchewan	**21,823**	27,824	**3,563**	12,515
	Outside Saskatchewan	**—**	1,403	**—**	—
	Sub-totals	**21,823**	29,227	**3,563**	12,515
Exploration for Base & Precious Metals	Saskatchewan	**3,219**	4,075	**—**	621
	Outside Saskatchewan	**5,097**	4,402	**1,718**	3,547
	Sub-totals	**8,316**	8,477	**1,718**	4,168
Partner-Operated Exploration Projects					
Exploration for Uranium	Saskatchewan	**202,155**	180,197	**10,545**	27,191
	Outside Saskatchewan	**1,171**	671	**—**	—
	Sub-totals	**203,326**	180,868	**10,545**	27,191
Exploration for Base & Precious Metals	Saskatchewan	**6,822**	4,065	**399**	285
	Outside Saskatchewan	**1,142**	—	**—**	—
	Sub-totals	**7,964**	4,065	**399**	285
Total Drilling (Diamond, Rotary, and Percussion)	SMDC-Operated	**35,420 m**	54,387 m		
	Partner-Operated	**222,234 m**	212,409 m		
	Total	**257,654 m**	266,796 m		

SMDC has maintained an effective program of drilling throughout the year.

Mineralized Boulder Trains

During the ice age, boulders were plucked from mineralized bedrock which lay in the path of advancing glaciers. These boulders were carried forward and now lie in the line of glacial movement, either in a narrow linear belt (as in the BJ train) or in a more complex, sometimes fan-shaped pattern. As the boulders were moved away and mingled with surrounding drift, they wore down and grew smaller and more rounded.

Boulder trains may be up to 30 km long and contain from a few to several thousand boulders. By finding and mapping such trains, their bedrock source may be located. Pits dug into glacial overburden beside mineralized boulders help geologists to understand how the boulder train formed and where its source lies. The uraniferous boulder in this photograph is pale yellow, well-rounded and may be seen in the extreme upper right of the photograph. This type of research has proven a significant factor in the location of many recently discovered uranium deposits in northern Saskatchewan.

Geologists painstakingly seek information from boulder trains.

Operations (cont'd from p. 8)

One of the major joint venture exploration programs was operated by Amok Limited in the Carswell area where the Cluff Lake mine is located. A major drilling program was carried out during the year on the Dominique-Peter River zone, centered about 1 km north of Cluff Lake. Following the discovery of an extension of the Dominique mineralization in 1980, some 90 diamond drill holes were completed during 1981. Most of these were vertical holes on an 80 m grid pattern. Significant uranium mineralization was intersected in basement rocks in a number of these holes at depths of from 75 to 350 m. These results have given sufficient encouragement to continue the drill program. Holes will be drilled on more detailed spacing, designed to establish possible reserves of economic mineralization within the broad area defined in 1981. The SMDC interest in the Peter River zone is 20 percent, and is from 10 to 50 percent in several other projects operated by Amok Limited in the Carswell area.

A major exploration program continued during the year in the Dawn Lake area. A preliminary evaluation of uranium reserves in four mineral zones (11, 11A, 11B, and 14 zones) indicates a total of 9.5 million kilograms of U_3O_8 in 850,000 tonnes of mineralized rock, with an average grade of 1.1% U_3O_8. The estimate was prepared based on drill holes with a spacing of at least 20 m along lines 50 and 100 m apart.

Subsequent to this reserve estimate, a high grade mineralized area was discovered beneath the 11A zone. The discovery intersection assayed 21 percent U_3O_8 over 12 m. This new lens has potential to add to the previously calculated reserves. The bulk of the mineralization occurs at depths of from 90 to 140 m.

Further drilling is planned in 1982, both in the mineralized area and on outlying targets. Asamera Inc. operates the Dawn Lake joint venture in which SMDC holds an interest of 54 percent. This share represents an increase of 3 percent over that held in 1980.

The Eagle Point deposit was drilled on 30 m sections, with ore grade mineralization intersected in 64 out of 149 holes over a length of 520 m. The mineralization pattern is complex, but a significant reserve of uranium has been indicated. Further drilling is planned in 1982 in the area of the mineralization and on other exploration targets on the property. SMDC holds a one-third interest in this project managed by Gulf Minerals Canada Limited.

2. Other Minerals

During the year, SMDC continued to expand its exploration programs for minerals other than uranium in Saskatchewan and adjacent areas of Manitoba. Several projects in the La Ronge-Flin Flon region have copper, zinc or gold as primary exploration targets. The Waddy Lake area (150 km north of La Ronge) and the Lake Athabasca area are target areas for increased gold exploration. Two groups, with SMDC as partner, are investigating the possibility of placer mining for gold along the North Saskatchewan River.

In British Columbia, exploration has centered around copper-molybdenum, copper-zinc and gold-silver deposits in four SMDC-operated projects and one partner-operated project. At Whiting Creek, 98 km southwest of Smithers, in west-central British Columbia, systematic drilling continued on several areas of copper-molybdenum mineralization. The other British Columbia projects are in the early stages of exploration.

In the Yukon, the Company was active in one project, and was also examining properties in preparation for future programs in this area.

SMDC has discontinued further participation in three partner-operated uranium projects in the Northwest Territories. However, geological studies and property examinations continued for base and precious metals in anticipation of future diversification into these metals.

Opposite: Vigorous construction activity at the Key Lake site commenced with the signing of the surface lease.

Below: The Athabasca sand dunes, which occur discontinuously along the south shore of Lake Athabasca, are remarkable features for this latitude.

II Mining & Engineering

Specialists in the areas of Mine Operation, Construction, Worker Health and Safety, and the Environmental Sciences joined the Mining and Engineering Branch in 1981. This reflects expansion and diversification in the mine development programs managed by the Branch.

Particular emphasis is placed upon evaluating novel methods of mining the more deep-seated, higher-grade uranium mineralization that characterizes a number of important deposits in the Athabasca Basin. At the Dawn Lake joint venture, SMDC is planning a study to test bore-hole mining methods. Part of this study involves injecting high-pressure water streams through a bore-hole tool. This slurries the surrounding mineralization which can then be pumped to the surface. Support of bacterial leach research programs continued. Proposals from consultants were solicited for detailed study of the health hazards that may be encountered by any manned underground approach to access high-grade uranium ores.

Feasibility studies into the recovery of magnesium from waste brines of the potash mine at Rocanville began in partnership with the Potash Corporation of Saskatchewan. Detailed market and feasibility studies continued in conjunction with Avonlea Mineral Industries Ltd. on the limestone deposits near Mafeking, Manitoba. Calcination tests will soon be underway following a development drill program conducted late in the year.

In conjunction with studies of the Superior Graphite joint venture properties at Southend, land entitlement issues were addressed. As an extension of the mine planning process, additional ground geophysics and prospecting were carried out on this project.

A Worker Health and Safety Research Panel has been formed to support the development programs utilizing, to the greatest extent possible, the technical abilities and knowledge of Saskatchewan's professionals. The Panel's terms of reference include the study of problems unique to a northern Saskatchewan setting. Branch staff also serve on the Waste Management Secretariat, funded by the Province, to examine ways to minimize any potential negative environmental consequences of mineral development.

Throughout 1981, the principal focus of the Mining and Engineering Branch continued to be the Cluff Lake and Key Lake joint ventures.

1. Cluff Lake Mine & Mill

The Cluff Lake mill went into continuous operation at the first of the year after some weeks of intermittent operation late in 1980. Several problems encountered in the start-up phase of the mill operations affected the expected time schedule. However, by July, the overall mill recovery exceeded 90 percent for the first time and production reached the nominal rated plant capacity. Mill operations continued to improve, reaching 95 percent recovery during the last half of the year. Production averaged about 160,000 kilograms U_3O_8 per month. Total production of U_3O_8 in 1981 was 1.5 million kilograms.

The mining of the "D" orebody recommenced in May after being shut down over the winter. Removal of the ore was completed in September. In total, 107,600 tonnes of ore averaging 4.26 percent uranium (equivalent to about 12 million pounds of U_3O_8) were recovered from the mining of the "D" orebody. The reclamation plan for backfilling of the pit was approved by the regulatory agencies and work commenced at year end.

(cont'd on p. 18)

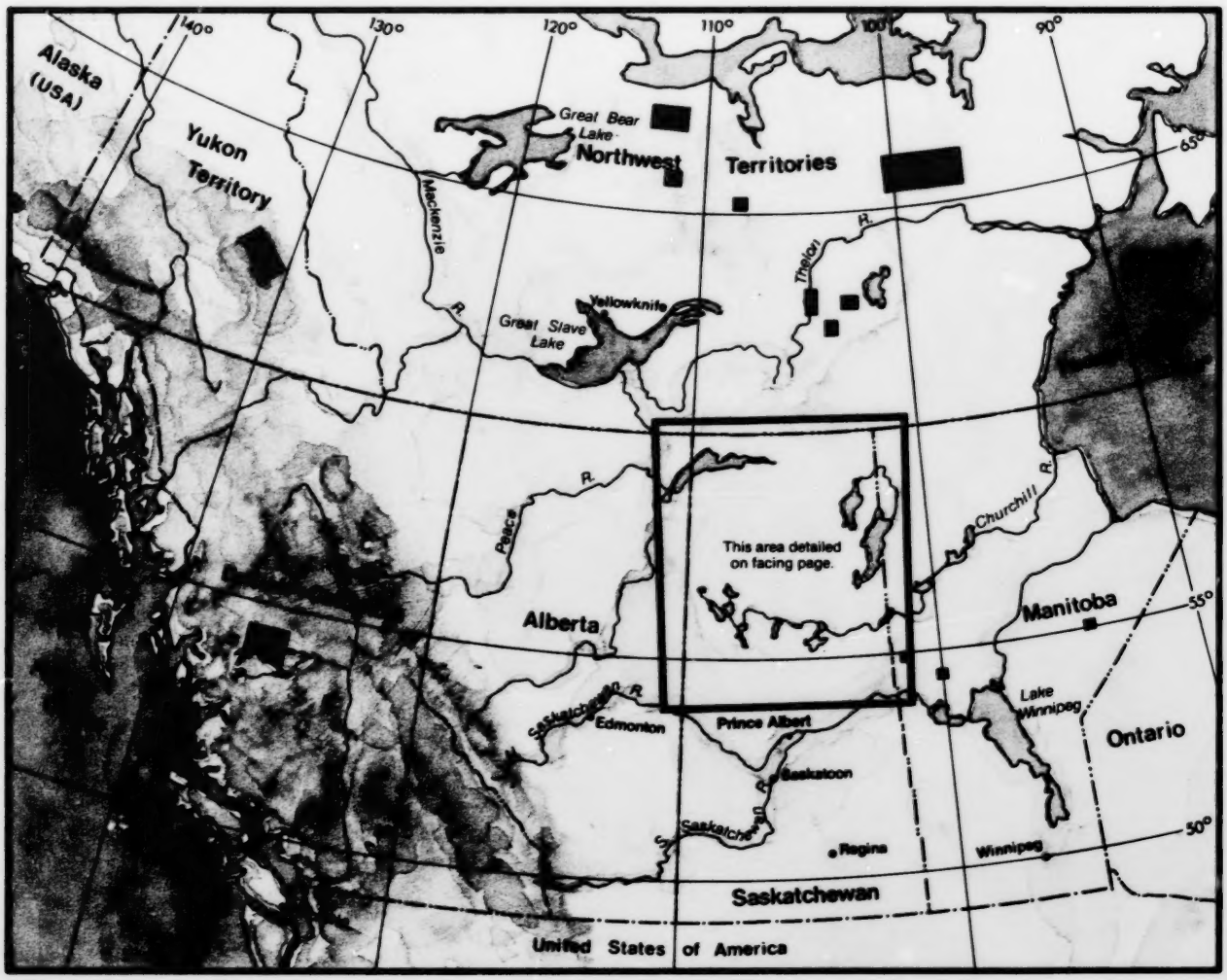
Opposite: Work progresses throughout the year at the Key Lake site.

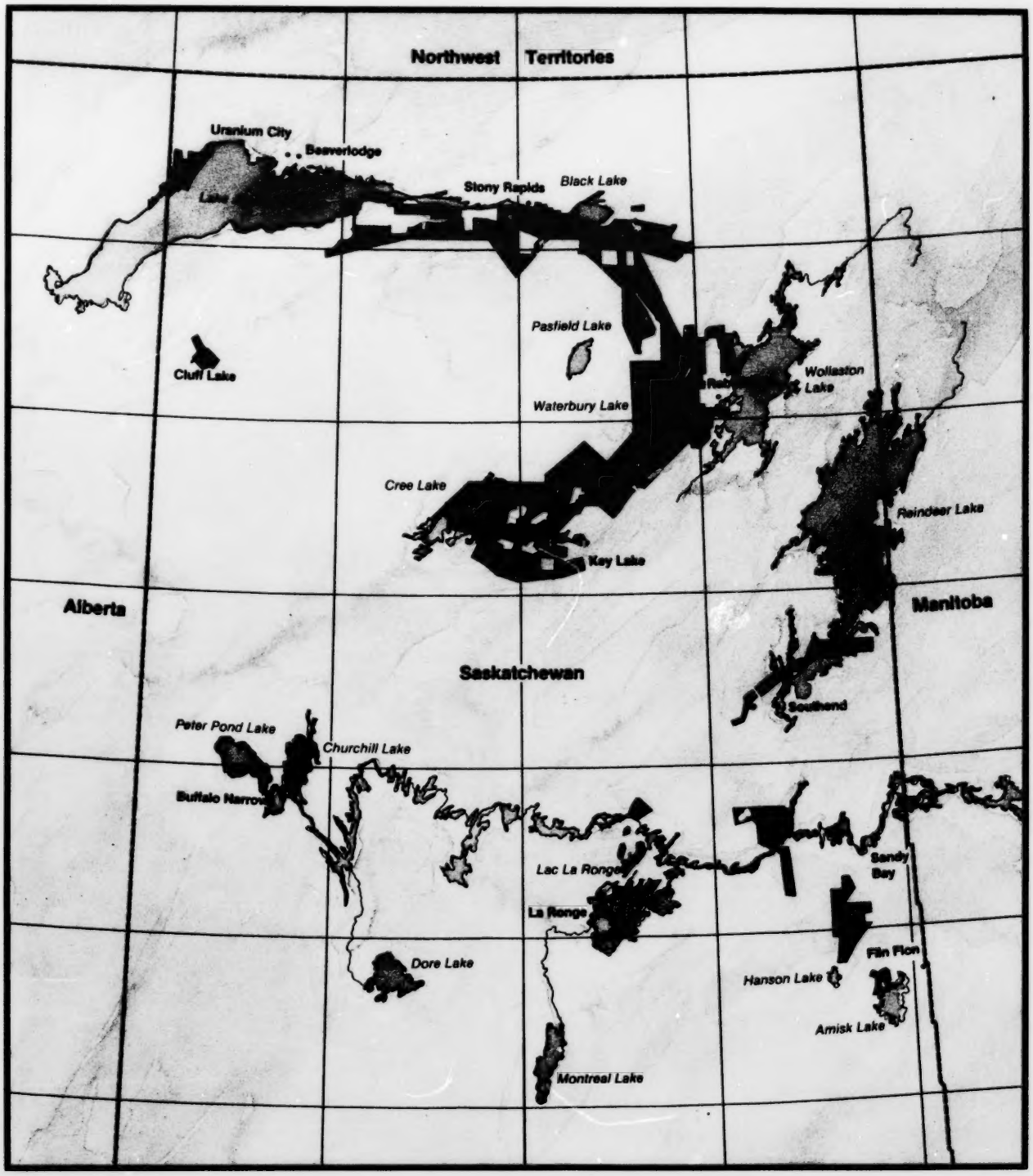
Below: Mill operations reached 95% recovery during the last half of 1981.

Exploration and Development Projects

Legend

- SMDC Operated Properties
- Partner Operated Properties




Northwest Territories
Uranium City
Beaverlodge
Stony Rapids
Black Lake
Cluff Lake
Pasfield Lake
Waterbury Lake
Wollaston Lake
Cree Lake
Key Lake
Reindeer Lake
Alberta
Manitoba
Saskatchewan
Southend
Peter Pond Lake
Churchill Lake
Buffalo Narrows
Lac La Ronge
La Ronge
Sandy Bay
Dore Lake
Flin Flon
Hanson Lake
Amisk Lake
Montreal Lake

Mining & Engineering (cont'd from p. 14)

Exploration and assessment of the Phase 2 ore deposits continued. Underground evaluation of the "OP" deposit was completed and re-evaluation of the "Claude" and "N" deposits is underway. An experimental pit is planned on the Claude deposit in 1982 and an Environmental Impact Statement in support of this project was filed with the Department of Environment in December 1981.

2. Key Lake Development

On January 12th, 1981 the report of the Key Lake Board of Inquiry was submitted to the provincial government. The Board's recommendations, based on a public inquiry, were that the Key Lake Mining Corporation (KLMC) be allowed to proceed with development of one of the world's richest uranium deposits. The provincial government accepted the recommendations of the Board and began negotiations with KLMC to establish the terms of the surface lease. After several months of intense negotiations, the official signing of the lease took place on August 27th, 1981.

During the negotiation period, KLMC received interim permits which enabled them to erect a temporary construction camp and to carry out a dewatering test program. In addition, KLMC continued with engineering plans and placed orders for major items of processing equipment that require one to two years for delivery.

With the signing of the lease, KLMC was able to proceed on an accelerated schedule in order to meet the target of mid-1983 project completion. Several major contracts were awarded in the last quarter of the year. Currently, work is on schedule in connection with the first major contract for foundations for the mill. The mill will have an annual maximum capacity of 12,000,000 pounds of U_3O_8. The mill is designed for a through-put of only 700 tonnes per day of ore to the primary crusher. This comparatively small crusher is possible because the anticipated initial average grade of the ore will be approximately 2.5 percent U_3O_8.

Contracts for foundations in the crushing and grinding area and the mine shop have been awarded, together with major structural steel contracts for all these areas. Stripping of the overburden at the Gaertner pit has begun. Steel erection is scheduled to commence in late February of 1982. Other initial contracts have covered such things as the supply of aggregate and concrete, site preparation at the mill area, construction facilities, security, and catering at the construction camp.

A feature of the Key Lake surface lease is that northern native workers and northern businesses receive certain preferences which include, for example, that fifty percent of the employees during the construction phase will be northern natives. In addition, in order to encourage the development of an experienced and professional northern construction industry, northern contractors are allowed a ten percent preference on all Key Lake contracts. Each contract is reviewed by the Department of Northern Saskatchewan to ensure that the surface lease terms are being met. Of the approximately thirty-two contracts let to December 31, 1981, nineteen have gone to northerners or joint-ventures in which northern contractors hold a majority interest.

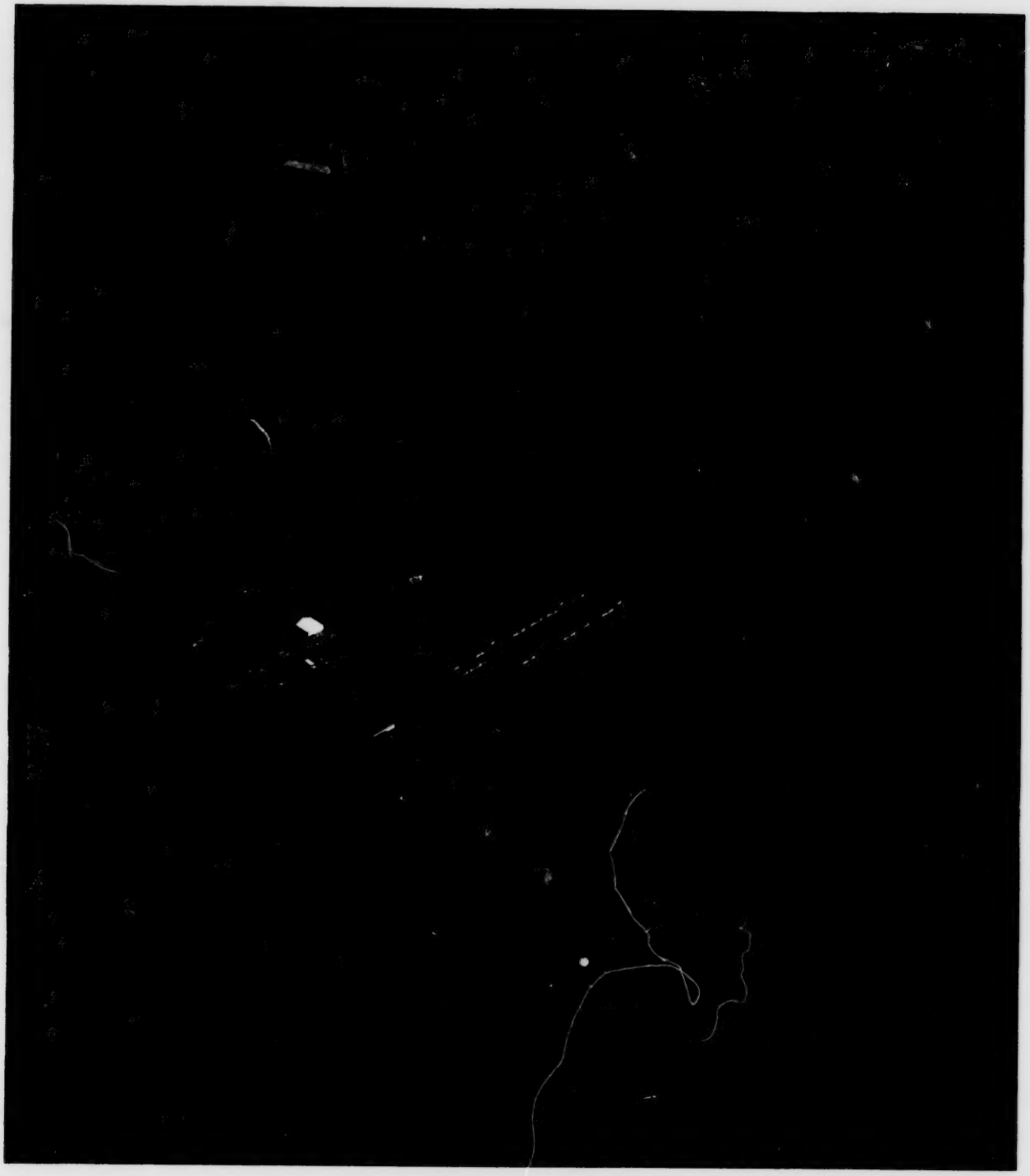
III Chief Geologist

A Chief Geologist Branch — Research and Development, consisting of six senior geoscientists and support staff, was formed during 1981. This group conducts research and interprets data related to exploration with the objective of developing more successful and cost-effective exploration methods and of identifying areas where new or additional exploration is warranted.

Research done by the Branch has led to innovative exploration concepts that are rapidly gaining acceptance by exploration operators in northern Saskatchewan. Paramount among these is the identification of "alteration halos". This has enabled exploration drill holes in the Athabasca sandstone to be much more widely spaced with the confidence that alteration related to uranium deposits will be recognized.

Opposite: Removal of the ore from the "D" orebody at Cluff Lake was completed in September of 1981.

Below: An aerial view of the Key Lake site.



Marketing

SMDC contract negotiations for Key Lake uranium are well under way in all the major markets: Canada, the United States, Europe and the Far East. Sales arrangements to a number of these areas have been concluded. This reflects an acknowledgement, world-wide, of SMDC's commitment to the market and a growing awareness internationally of the quality of the Key Lake project.

The report of the Key Lake Board of Inquiry, followed by government approval of the project and the signing of the surface lease, allowed construction at Key Lake to begin in August and the project's scheduled completion date to be maintained. These events, along with the perception of a market upturn, led to an increased market interest in Key Lake uranium.

While shorter term contracts are being considered, especially for delivery in the period before 1984 (concentrates will be borrowed and repaid from Key Lake production),

SMDC is, in general, pursuing long-term contracts. In a cyclical market, long-term contracts can provide a secure and stable supply to the customer as well as a basis for establishing future relations beneficial to the utility and SMDC.

The excellent quality of SMDC's major projects, Key Lake and Cluff Lake, ensure that they will not only survive the current bottom of the uranium market, but will be in a position to benefit from market resurgence in the latter part of this decade.

The near-term uranium market remained weak in 1981, with the spot price dropping in the first half of the year. Since then it has levelled off and some analysts believe that the price will firm to higher levels.

The response to the depressed market has been cuts in production, the closing of mines and mills, and the deferral of projects, largely by high cost producers. This has occurred primarily in the United States, though no producing region, including Saskatchewan, has been immune.

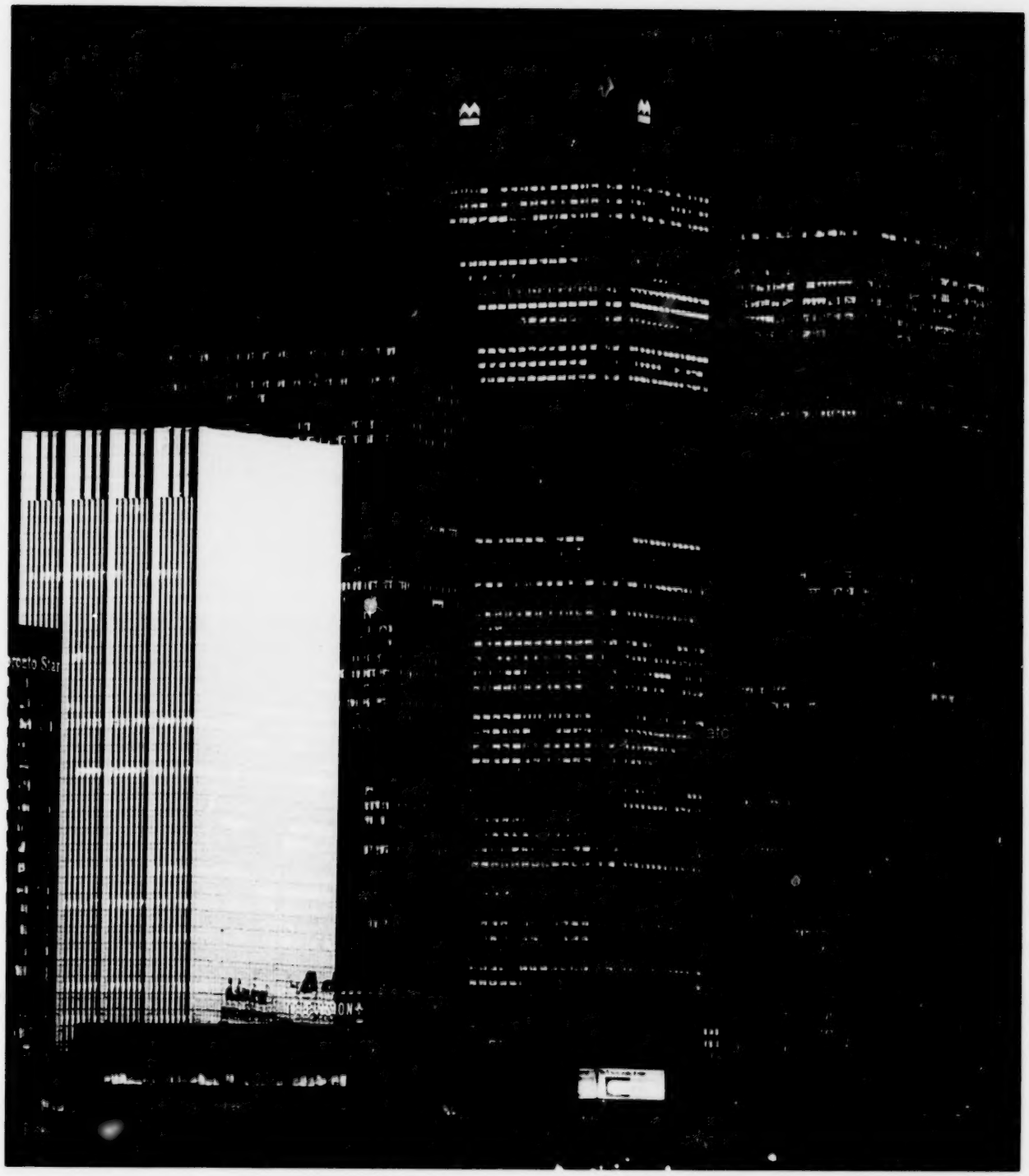
The effect of these cutbacks and deferrals will be to reduce the current oversupply and excess inventory of uranium on the market. When this is combined with the continuing growth of nuclear electricity as a major energy source, the prospects are that the uranium market will strengthen considerably during the decade. On the basis of commitments already made, nuclear power is forecasted to grow at 11 to 12 percent world-wide throughout the eighties.

For example, nuclear electrical generating capacity in the United States is currently 57,000 MWe and is expected to increase to 125,000 MWe by 1990. France's nuclear program remains strong and countries new to nuclear electricity generation, like Mexico, are planning to expand considerably their nuclear generating capacity.

This growing demand for nuclear electricity will require additional uranium supply capacity; capacity that can only be met by bringing on projects which require prices considerably higher than those in the present market.

Marketing studies examine whether a market is available, what needs to be done to meet it and what the effects of the market will be on the Corporation. SMDC's policy of diversification has led to a number of market studies being initiated on such products as limestone and magnesium.

Demand for nuclear energy will continue to grow throughout the eighties.



Observations

Dardier Drill Restoration Project

A unique joint venture, undertaken in 1981, saw SMDC and the Western Development Museum working together to restore a vintage steam-driven drill that had been used in 1915-16 on an island in Lake Athabasca. The huge unit had been hauled to the site by H.V. Dardier who used the drill in a silver exploration project that proved fruitless.

For years the drilling site remained deserted but, in the summer of 1981, the SMDC crew tackled the task of recovering both the drill and its sundry parts. They located all the smaller pieces and carefully crated them. With a front-end loader, they moved the enormous drill to the shoreline where it was loaded, with great difficulty, onto a barge and transported to Uranium City. Later it was carried over the winter road to Saskatoon.

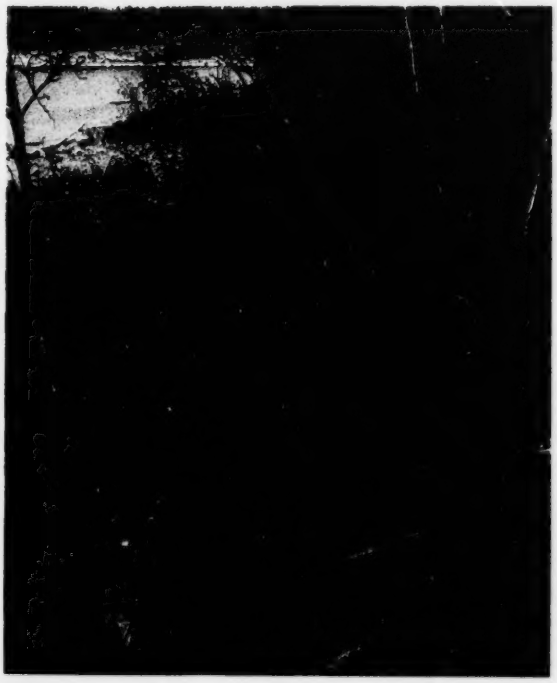
The project, conducted in three phases extending from 1981 to 1982, will result in a fully restored and reassembled steam-driven drill; the beginning of a gallery devoted to the history of mining in Saskatchewan.

Uranium Geology Symposium

SMDC professional and secretarial staff played a significant role in the successful organization of a major Uranium Geology Symposium, held in Saskatoon in September, 1981. The event was jointly sponsored by the Geology Division of the Canadian Institute of Mining and Metallurgy and the Society of Economic Geologists.

Four hundred and fifty delegates attended including several from Japan, Australia, France, West Germany and Sweden. Delegates enjoyed two days of technical papers and two 2-day field trips to uranium sites in northern Saskatchewan.

SMDC will continue this tradition of active participation by assuming a leading role in the organization of the 9th International Geochemical Exploration Symposium, to be held in Saskatoon in May, 1982.



Worker Health & Safety & Environmental Research Panel

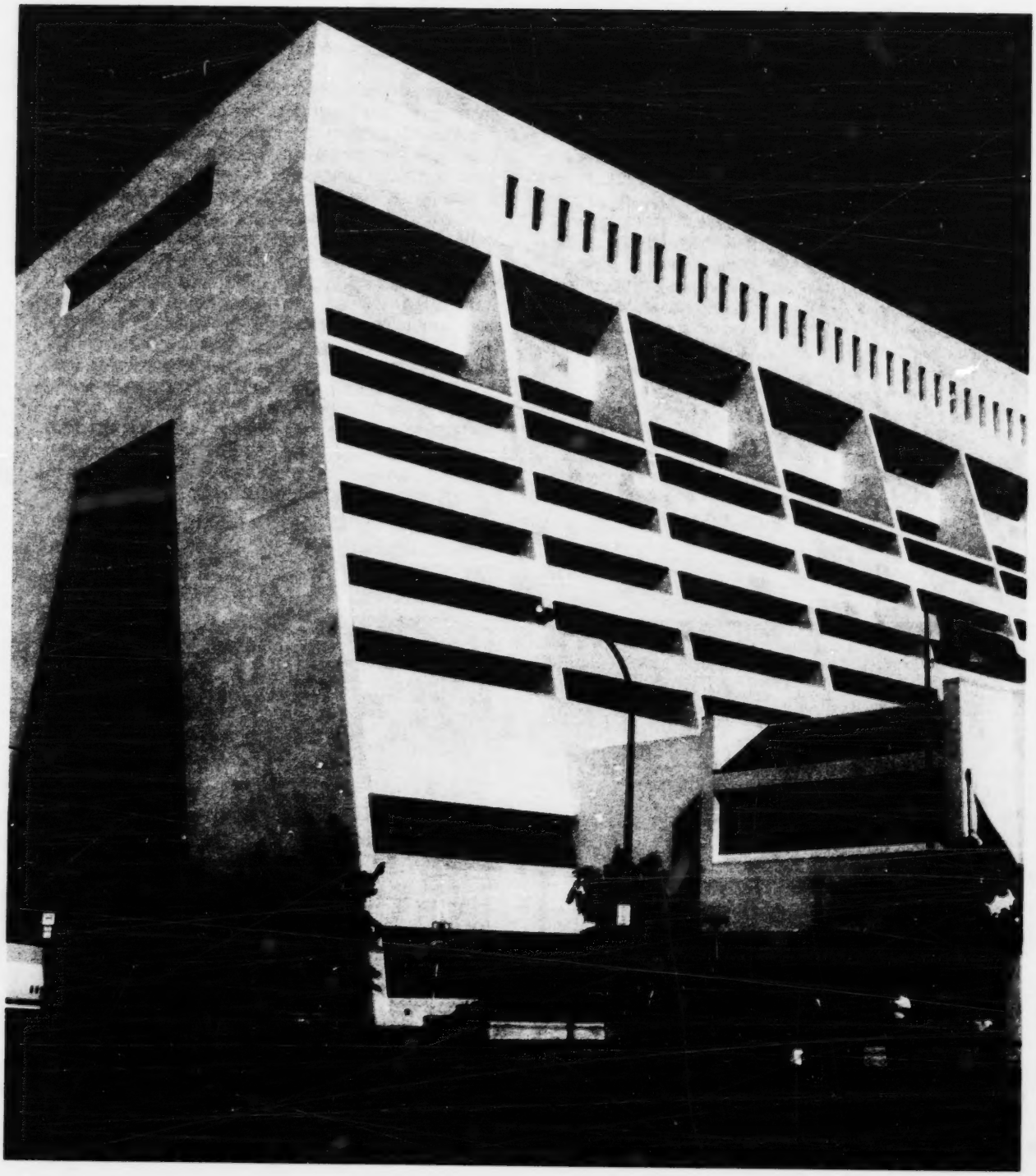
SMDC has established a Research Panel to identify, set priorities and provide funding for high-quality research in the areas of environment and occupational health. Panel members are drawn from within the Corporation, from the mining industry and from the academic community. By the close of 1981, the Panel had identified three areas of primary focus. These included an examination of the biological interaction of toxic compounds in the workplace, an analysis of the occupational health effects and environmental impacts of the underground mining of high-grade uranium ore deposits and a discussion of alternatives available to facilitate sand revegetation throughout the Athabasca Basin. The Panel selected, for funding, one proposal in each area. The three completed studies will provide valuable information on the human and biological environments affected by the mining industry. These and future studies funded by this program will create a repository of original research data that will enable the Corporation to make well-informed decisions about the impact of our mining activities.

Northern Opportunities Branch

Northern Opportunities Branch is especially proud of its development of a program of visits to northern schools as part of a broad educational initiative. The Branch has also developed a science magazine, **Directions,** to provide information on energy, resources and careers for northern students. With the co-operation of the Key Lake Mining Corporation, we have conducted visits to the mine site for secondary and technical school students. To date, 35 students (ages 15 - 21) from La Loche, Ile-a-la-Crosse, and Sandy Bay have visited the site. We hope to accommodate the requests from several other schools and communities during 1982.

Northern Opportunities Branch has also acted as the co-ordinator of a monthly meeting of companies working in northern Saskatchewan. The purpose is to identify jobs and, with Northern Continuing Education, develop training programs to fill these positions. We recognize the importance of having a job available at the completion of the training period. The group will be discussing ways to accomplish this.

SMDC Head Office, located in the Sturdy Stone Centre in Saskatoon.



Financial Folio

Saskatchewan Mining Development Corporation

Consolidated Financial Statements
December 31, 1981

Auditors' Report

To the Members of
The Legislative Assembly,
Province of Saskatchewan

We have examined the consolidated statement of financial position of Saskatchewan Mining Development Corporation as at December 31, 1981 and the consolidated statements of operations, deficit and changes in financial position for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion these consolidated financial statements present fairly the financial position of the Corporation as at December 31, 1981 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Saskatoon, Canada,
March 5, 1982

Clarkson Gordon
Chartered Accountants

Consolidated Statement of Operations

Saskatchewan Mining Development Corporation
Year ended December 31, 1981

	1981	1980
		(Note 2)
Revenue		
Sales of product	$27,592	$ —
Other	90	—
	27,682	—
Expenses		
Operating expenses	5,231	—
Depreciation and amortization	10,022	—
Saskatchewan uranium royalty	828	—
Exploration project areas written off	5,469	5,839
	21,550	5,839
Earnings (loss) before extraordinary item	6,132	(5,839)
Extraordinary item (note 7)	(543)	—
Net earnings (loss)	$ 5,589	$(5,839)

Consolidated Statement of Deficit

Saskatchewan Mining Development Corporation
Year ended December 31, 1981

Balance, beginning of year	$ 9,875	$ 4,036
Net earnings (loss)	5,589	(5,839)
Balance, end of year	$ 4,286	$ 9,875

(See accompanying notes)

Consolidated Statement of Financial Position

Saskatchewan Mining Development Corporation
as at December 31, 1981

	1981	1980
	(thousands of dollars)	
Assets		
Current		
Due from joint venture partners	$ 725	$ 820
Accounts receivable	1,189	291
Inventories (note 3)	2,716	1,717
Prepaid expenses	114	166
	4,744	2,994
Property, plant and equipment (note 4)	451,297	369,130
Deferred financing costs less amortization	2,093	—
	$458,134	$372,124
Liabilities and Province's Equity		
Current		
Bank indebtedness	$ 12,240	$ 95,776
Loans from potential customers due within one year	—	23,258
Due to joint venture partners	4,020	7,046
Accounts payable	12,939	7,678
	29,199	133,758
Long-term debt (note 5)	183,380	65,000
Total Liabilities	212,579	198,758
Province of Saskatchewan's Equity		
Advances (note 6)	249,841	183,241
Less deficit	4,286	9,875
	245,555	173,366
	$458,134	$372,124

(See accompanying notes)

Consolidated Statement of Changes in Financial Position

Saskatchewan Mining Development Corporation
Year ended December 31, 1981

	1981	1980
	(Thousands of dollars)	
Source of funds:		
Operations		
Earnings (loss) before extraordinary item	$ 6,132	$ (5,839)
Non-cash expenses	15,491	5,839
	21,623	—
Province of Saskatchewan's Equity Advances	66,600	77,725
Long-term debt	118,380	65,000
	206,603	142,725
Use of funds:		
Property, plant and equipment	98,163	84,042
Payment to Cluff Mining partnership	—	63,035
Loans from potential customers	—	18,100
Deferred financing costs	2,131	—
	100,294	165,177
Increase (decrease) in working capital	$106,309	$(22,452)

(See accompanying notes)

Notes to Consolidated Financial Statements

Saskatchewan Mining Development Corporation
December 31, 1981

1. Accounting Policies

This summary of significant accounting policies is a description of the accounting methods and practices that have been used in the preparation of these consolidated financial statements.

Consolidation Principles

The consolidated financial statements include the accounts of the Corporation and its wholly-owned subsidiary SMD Mining Co. Ltd.

Joint Ventures

The Corporation's assets and liabilities relate primarily to its 20% interest in the Cluff Mining partnership, its 50% interest in the joint venture operated by the Key Lake Mining Corporation and its interests in other joint ventures varying from 10.0% to 80.5%. These interests are accounted for by the proportionate consolidation method.

Inventories

Broken ore and concentrates are valued at the lower of production cost and estimated net realizable value. Supplies are valued at the lower of average cost and replacement value.

Production Facilities and Equipment and Depreciation

Production facilities and equipment are depreciated by the unit of production method over the estimated economically recoverable ore reserves or by the straight line method if the estimated useful life of the asset is less than the estimated mine life.

Other facilities and equipment are depreciated by the straight line method at rates varying from 10.0% to 33.3%.

Deferred Mineral Property Costs and Amortization

Each group of contiguous mineral properties is accounted for separately and is designated as a project area. All acquisition of mineral properties, exploration, development and other expenditures relating to each project area are deferred and carried at cost with the intention that they will be amortized by charges against earnings from future mining operations. At such time as it is deemed that a project area does not contain economically recoverable ore reserves the related deferred expenses are written off to earnings.

The decision to develop a producing mine property within a project area will be based on an assessment of the prevailing conditions at that time. No depreciation or amortization will be provided on such a property until commercial production commences. After a mine property has been brought into commercial production, any additional work on that property will be expensed as incurred, except for large development programs, which will be deferred and amortized over the related remaining reserves.

Deferred mineral property costs are amortized against related production revenue by the unit of production method based on the property's estimated economically recoverable ore reserves.

Capitalization of Interest

Interest is capitalized on expenditures related to construction or development projects. Capitalization is discontinued when the asset is ready for its intended use or development ceases.

Debt Financing Costs

Long term debt premium, discount and issue costs are deferred and amortized over the term of the issues to which they relate. The amortization is included with interest as a cost of borrowing.

Foreign Exchange Translation

Current assets and liabilities are translated on the basis of year end exchange rates.

Long term debt is translated at the exchange rate prevailing at the time of the transaction.

2. Status of Saskatchewan Mining Development Corporation

The Corporation was established by Order-in-Council #865/74 dated June 4, 1974 and continued under the Saskatchewan Mining Development Corporation Act, 1977. The Corporation's accounts are included in the annual consolidated statements of Crown Investments Corporation of Saskatchewan.

Notes to Consolidated Financial Statements

Saskatchewan Mining Development Corporation
December 31, 1981

3. Inventories

	1981	1980
	(thousands of dollars)	
Broken ore and concentrates	$ 1,705	$ 983
Supplies	1,011	734
	$ 2,716	$ 1,717

4. Property, Plant and Equipment

	1981	1980
	(thousands of dollars)	
Producing properties		
Production facilities and equipment	$ 16,033	$ 14,666
Deferred mineral property costs	27,781	27,781
	$ 43,814	$ 42,447
Less accumulated depreciation and amortization	10,022	—
	33,792	42,447
Non-producing properties		
Deferred mineral property costs		
Exploration projects	133,654	102,147
Cuff Mining Project — Phase II	74,579	63,042
Key Lake Project	209,272	161,494
	417,505	326,683
	$451,297	$369,130
Includes interest incurred and capitalized		
During the year	$ 33,317	$ 24,596
Since inception	$ 70,231	$ 36,914

5. Long-Term Debt

	1981	1980
	(thousands of dollars)	
Floating rate debenture Series A unconditionally guaranteed by the Province of Saskatchewan matures on March 1, 1985 subject to prior redemption with interest payable quarterly at a rate of ¾ of 1% less than the average prime rate of the Royal Bank of Canada	$ 65,000	$65,000
Province of Saskatchewan notes of $100,000,000 U.S. mature on November 15, 1988 subject to prior redemption with interest at 16¼% payable annually	118,380	—
	$183,380	$65,000

6. Province of Saskatchewan's Equity

Advances are non-interest bearing and are repayable at the discretion of the province. Advances to date have been obtained from

	1981	1980
	(thousands of dollars)	
The Saskatchewan Heritage Fund	$218,700	$152,100
Crown Investments Corporation of Saskatchewan	31,141	31,141
	$249,841	$183,241

7. Extraordinary Item

The Corporation has provided for a potential loss on disposal of its buildings and associated land located within the municipality of Uranium City due to a significant reduction in real estate values resulting from the closure of the Beaverlodge Mine in that community.

8. Commitments

The Corporation is committed for its 50% share of the estimated total cost of $563,000,000 to build and bring into production the Key Lake Mine designed to produce 12,000,000 pounds of U_3O_8 per annum. Of this total amount, $146,662,000 has been spent to December 31, 1981. Production is scheduled to start in the last half of 1983.

The Corporation has financial commitments under various other joint venture agreements it has entered into in the normal course of operations. The Corporation is required to pay its proportionate share of the exploration and development expenditures to maintain its interest in each joint venture.

9. Related Parties

Included in these financial statements are expense amounts resulting from routine operating transactions conducted at prevailing market prices with various Saskatchewan crown controlled departments, agencies and corporations with which the Corporation is related.

Account balances resulting from these transactions are included in the statement of financial position and are settled on normal trade terms.

Other amounts due to related parties and the terms of settlement are described separately in the financial statements and the notes thereto.

10. Remuneration of Directors and Senior Officers

The Corporation's eleven directors (1980 — 11) received, in aggregate, $32,450 remuneration in 1981 (1980 — $21,950).

Thirteen senior officers (1980 — 11) received, in aggregate, $762,285 in salaries for 1981 (1980 — $615,713). Certain positions were vacant for portions of both years.

Progress on Exploration and Development Projects

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A Supplement to the
Saskatchewan Mining Development Corporation
1981 Annual Report

Exploration and Mine Development Stages

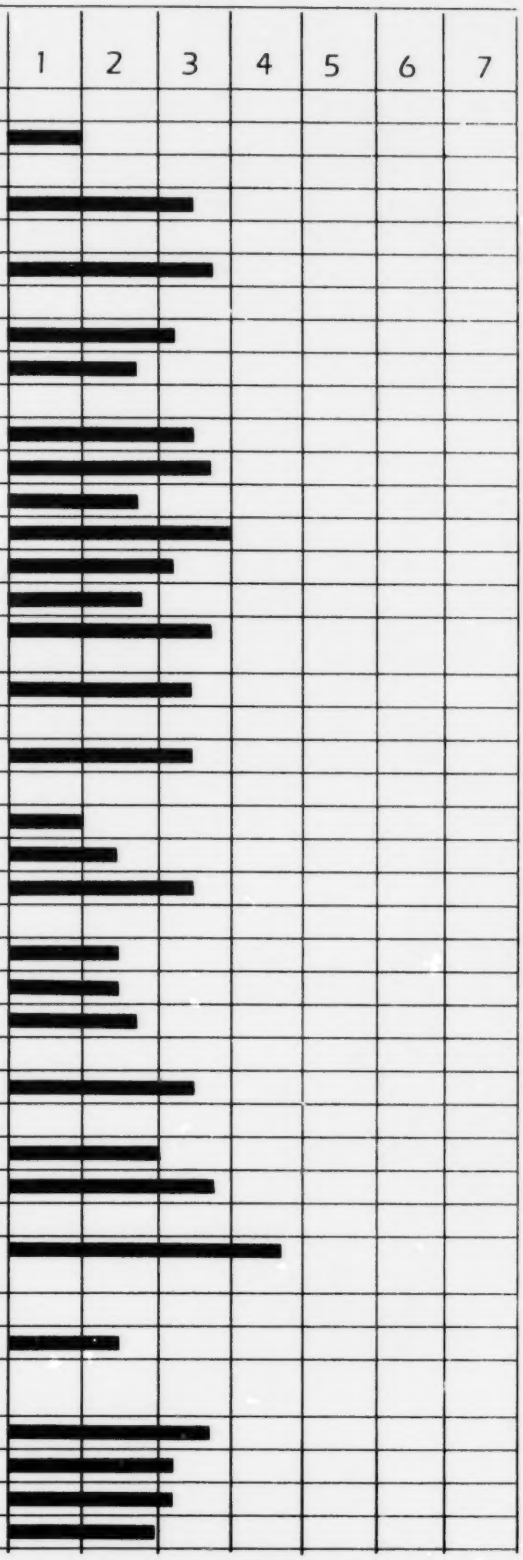
The function of this chart is to allow the identification of the progress being made on each project in which SMDC is participating. In the following pages of the 1981 Annual Report Supplement, bar charts are used to depict the "stage" each project has achieved.

	STAGE	ACTIVITY	PURPOSE
1	Reconnaissance Exploration	Airborne geophysical surveys radiometric, electromagnetic and magnetic, helicopter lake — sediment and water sampling, reconnaissance geological mapping and prospecting	To locate anomalies. An anomaly is an area of the earth having properties which deviate from normal. A lake having unusual amounts of uranium in the bottom sediments, or rocks with high electrical conductivity are examples of anomalies
2	Detailed Ground Follow-up	Detailed soil geochemical surveys radiometric, magnetic, electromagnetic, gravimetric and other geophysical surveys, prospecting for mineralized outcrops, detailed geological mapping	To confirm the presence of the reconnaissance anomalies before drilling or trenching
3	Exploratory Drilling and Trenching	Sampling of shallow anomalies by blasting trenches to expose fresh rock, sampling of overburden by shallow drilling, diamond drilling of bedrock to depths of up to several thousand feet, chemical analysis of core samples	To determine if the mineralized body is of sufficient size and quality to justify the high costs of future development work
4	Systematic Pre-development Work and Preliminary Economic Evaluation	Closely spaced diamond drilling, ore-reserve calculations, preliminary mining and metallurgical studies, start environmental studies, preliminary economic evaluation including market studies	To establish ore reserves, production rate, profitability
5	Final Feasibility Study	Engineering design of mine, mill and ancillary services, environmental impact assessment, final economic evaluation — financing	To determine if mine should be brought into production
6	Mine Development	Establish operating organization, development of underground or open-pit mine, construction of treatment plant and ancillary services including transportation and community requirements	To prepare the mine for production. This stage normally involves contractors and consultants each having expertise in specific areas
7	Mining & Milling Operation	Mining and milling of the ore and marketing of the product	Following a tune-up period the new mine normally reaches its rated capacity within the first year. In a joint-venture project each partner is responsible for marketing its share of the product from the operation

	OPERATOR & PROJECT	% SMDC INTEREST	OTHER PARTIES	1	2	3	4	5	6	7
A & V HARRIS EXPLORATION SERVICES LTD.:										
1	Flin Flon	50	Morrison Petroleums Ltd.							
2	Manitoba	43.85	Morrison Petroleums Ltd.							
AGIP CANADA LIMITED:										
3	Ford Lake	50	Swiss Aluminium Mining Co. of Canada Ltd. Musto Explorations Limited							
4	Foster Lake	25	Texaco Canada Resources Ltd.							
5	Hughes Lake	33 1/3	Anglo-Bomarc Mines Limited Thor Explorations Ltd.							
6	Karras Lake	33 1/3	Minarco Ltd.							
7	MacIntyre Lake	50	Minarco Ltd.							
8	Pinehouse Lake	33 1/3	Scurry-Rainbow Oil Limited Home Oil Company Limited							
9	Way Lake	33 1/3	Texaco Canada Resources Ltd.							
10	Wheeler River	33 1/3	E & B Explorations Ltd.							
AMOK LTD. — AMOK LTEE:										
11	Carswell Lake	50								
12	ML 5248	33 1/3	Ontario Hydro							
13	ML 5249	50								
14	Numac	10	Esso Resources Canada Limited Numac Oil and Gas Limited Bow Valley Industries Ltd. Mr. H. Clay Mr. L. Clay							
ASAMERA INC.:										
15	Dawn Lake	54.59	S.E.R.U. Nucléaire (Canada) Limitée Reserve Oil and Minerals Corporation							
16	Saskal	20								
BENZ GOLD RESOURCES LTD.:										
17	Nemeiben Lake	50								
18	Nemeiben West	50								
19	Sulphide Lake	50								
BONN ENERGY CORPORATION:										
20	Koop Lake	50	Getty Minerals Company, Limited Mid-North Engineering Services Ltd.							
BRINEX LIMITED:										
21	Cree Lake	50	Rio Tinto Finance and Exploration Limited							
22	Russell Lake	50	Rio Tinto Finance and Exploration Limited							
CANADIAN OCCIDENTAL PETROLEUM LTD.:										
23	Patterson Lake	50								
24	Wapa	50								
CLUFF MINING:										
25	Cluff Mine	20	Amok Ltd. — Amok Ltée							

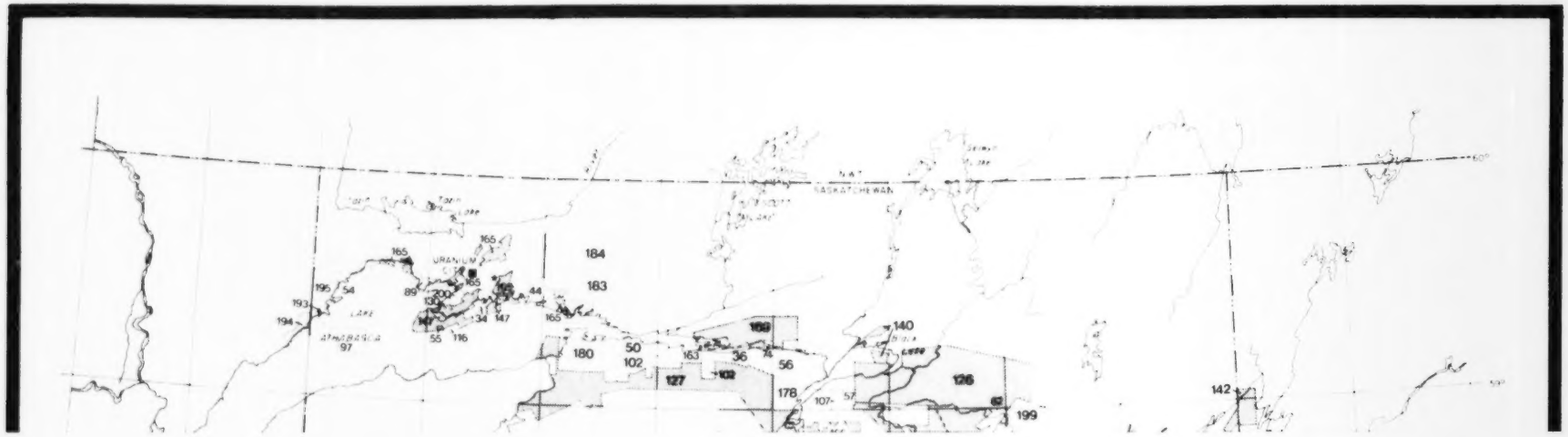
OPERATOR & PROJECT	% SMDC INTEREST	OTHER PARTIES	1	2	3	4	5	6	7
CURRIE ROSE RESOURCES INC.:									
26 Pigeon Lake	50								
DENISON MINES LIMITED:									
27 Colquhoun Lake	33 1/3	Saskatchewan Uranium Exploration Co., Ltd							
28 Crew Lake	50	Saskatchewan Uranium Exploration Co., Ltd							
29 Exploram Permit	50	Exploram Minerals Ltd							
30 Geikie River East	33 1/3	Eldorado Nuclear Limited on behalf of Conwest Canadian Uranium Exploration Joint Venture							
31 Geikie River West	33 1/3	Eldorado Nuclear Limited on behalf of Conwest Canadian Uranium Exploration Joint Venture							
32 Highrock Lake	50	Saskatchewan Uranium Exploration Co. Ltd							
33 Kelly-Montgrand Lakes	50								
34 Lodge Bay	20								
35 MacFarlane-Lisgar Lakes	33 1/3								
36 Pine Channel	50	Westmin Resources Limited							
37 Wolverman Lake	50	Saskatchewan Uranium Exploration Co. Ltd							
E & B EXPLORATIONS LTD.:									
38 Collins Bay	50								
39 Cumming Bay	50								
40 E & B Permit 1	20	Geomex Development, Inc							
41 E & B Permit 3	10	Uranex Ltd							
42 Mayson Lake	10								
43 McCuaig Lake	10	Geomex Development, Inc							
44 Reed Bay	20	Geomex Development, Inc							
45 Smart Lake	25								
46 Snare Lake	10								
47 South Wollaston	33 1/3								
48 Ward Creek	20	Kelvin Energy Ltd							
49 Weeres Lake	10	Geomex Development, Inc							
ELDORADO NUCLEAR LIMITED:									
50 Fond du Lac	33 1/3	Amok Ltd. — Amok Ltée							
51 Geikie East	33 1/3	Conwest Canadian Uranium Exploration Joint Venture							
52 Geikie West	33 1/3	Conwest Canadian Uranium Exploration Joint Venture							
53 Pipestone	33 1/3	Suncor Inc							
54 Spring Point	33 1/3	Power Reactor and Nuclear Fuel Development Corporation							
55 Stewart Island	25	Norex Resources Limited							
56 Stony Rapids	50								

	OPERATOR & PROJECT	% SMDC INTEREST	OTHER PARTIES
	ENERGY RESERVES CANADA, LTD.:		
57	*Black Lake	20	
	ENEX RESOURCES LIMITED:		
58	Mann Lake	33 1/3	
	ESSO RESOURCES CANADA LIMTED:		
59	Imperial Oil Permits 1 & 2	33 1/3	
	FLIN FLON MINES LTD.:		
60	Ex Claims	50	
61	Mystic Lake	50	
	GETTY MINERALS COMPANY, LIMITED:		
62	Fond du Lac	50	
63	Hanson Lake	50	
64	Nubend Lakes	20	
65	Rowell Lake	50	
66	Sandy Bay	20	Team Energy and Minerals Inc.
67	South Lockwood Lake	20	
68	Taylor Bay	50	Anglo Rumpex Mines Ltd. Trevi Explorations Ltd.
69	Topping Island	50	
	GIANT YELLOWKNIFE MINES LIMITED:		
70	Wedge Lake	50	Golden Rule Resources Ltd.
	GOLDEN EAGLE OIL AND GAS LIMITED:		
71	Complex Lake	20	
72	Mudjatik Lake	33 1/3	
73	Virgin River	20	
	GOLDEN RULE RESOURCES LTD.:		
74	Pine Channel	50	
75	Upper Waddy Lake	50	
76	Weeds Lake	50	
	GOLD-MILLER RESOURCES LTD.:		
77	North Saskatchewan River	50	
	GRANGES EXPLORATION AB:		
78	Blaistone Lake	50	
79	Flin Flon Area	50	
	GULF MINERALS CANADA LIMITED:		
80	North and South Blocks	33 1/3	Normandy Exploration Company Limited
	HILL, FREDERICK W.:		
81	*McLeod Lake	50	
	HUSDON BAY EXPLORATION AND DEVELOPMENT COMPANY LIMITED:		
82	Annabel Lake	50	
83	Errington Lake	50	
84	Gee Lake	50	
85	Gilbert and Kyaska Lakes	50	



*Project terminated before year-end

OPERATOR & PROJECT	% SMDC INTEREST	OTHER PARTIES	1	2	3	4	5	6	7
86 Kingston Lake	50								
87 Smart Lake	50								
JODI ENERGY RESOURCES LTD.:									
88 Diamant Lake	33 1/3	Geomex Development Inc.							
89 St. Joseph's Point	20	Geomex Development Inc.							
KELVIN ENERGY LTD.:									
90 Little Clear	20	Geomex Development Inc.							
KENERGY RESOURCE CORPORATION:									
91 North Saskatchewan River	50								
KERR ADDISON MINES LIMITED:									
92 Complex Permit 7	33 1/3	Chevron Canada Limited							
93 Lloyd Lake	50	Dubois Beach General Partner Inc.							
KEY LAKE EXPLORATIONS LIMITED:									
94 Hodge Lake	33 1/3								
95 Burgeo Lake	50	Minatco Ltd. AGIP Canada Limited							
KEY LAKE MINING CORPORATION:									
96 Key Lake	50	Uranerz Exploration and Mining Limited Eldor Resources Limited							
LOUTITT EXPLORATIONS LTD.:									
97 Bermuda Island	33 1/3	G.E.D. Explorations Ltd.							
MARK V PETROLEUMS & MINES LTD.:									
98 Seagull Lake	50	Thor Explorations Ltd.							
MARLINE OIL CORPORATION:									
99 Alces South	70	Marline Oil (Alberta) Ltd. E & B Explorations Ltd. Anaconda Canada Explorations Ltd.							
100 Marten River	33 1/3	Marline Oil (Alberta) Ltd. E & B Explorations Ltd. Anaconda Canada Explorations Ltd.							
101 Permit MPP 1057	70	Marline Oil (Alberta) Ltd. E & B Explorations Ltd.							
102 Rutledge Lake Mineral Lease	33 1/3	Marline Oil (Alberta) Ltd. E & B Explorations Ltd. Anaconda Canada Explorations Ltd.							
103 Rowe Lake	50	Marline Oil (Alberta) Ltd. E & B Explorations Ltd. Anaconda Canada Explorations Ltd.							
104 Wollaston River	50	Marline Oil (Alberta) Ltd. E & B Explorations Ltd. Anaconda Canada Explorations Ltd.							
MENORAH MINES LIMITED:									
105 Supernik Lake	50								
MID-NORTH RESOURCES LIMITED:									
106 Mosher Lake	33 1/3								
MINATCO LTD.:									
107 Calvert Lake	20	Anglo-Bomarc Mines Ltd. Mark V Petroleums & Mines Ltd.							


SASKATCHEWAN
URANIUM
LAKE
ATHABASCA
EAST
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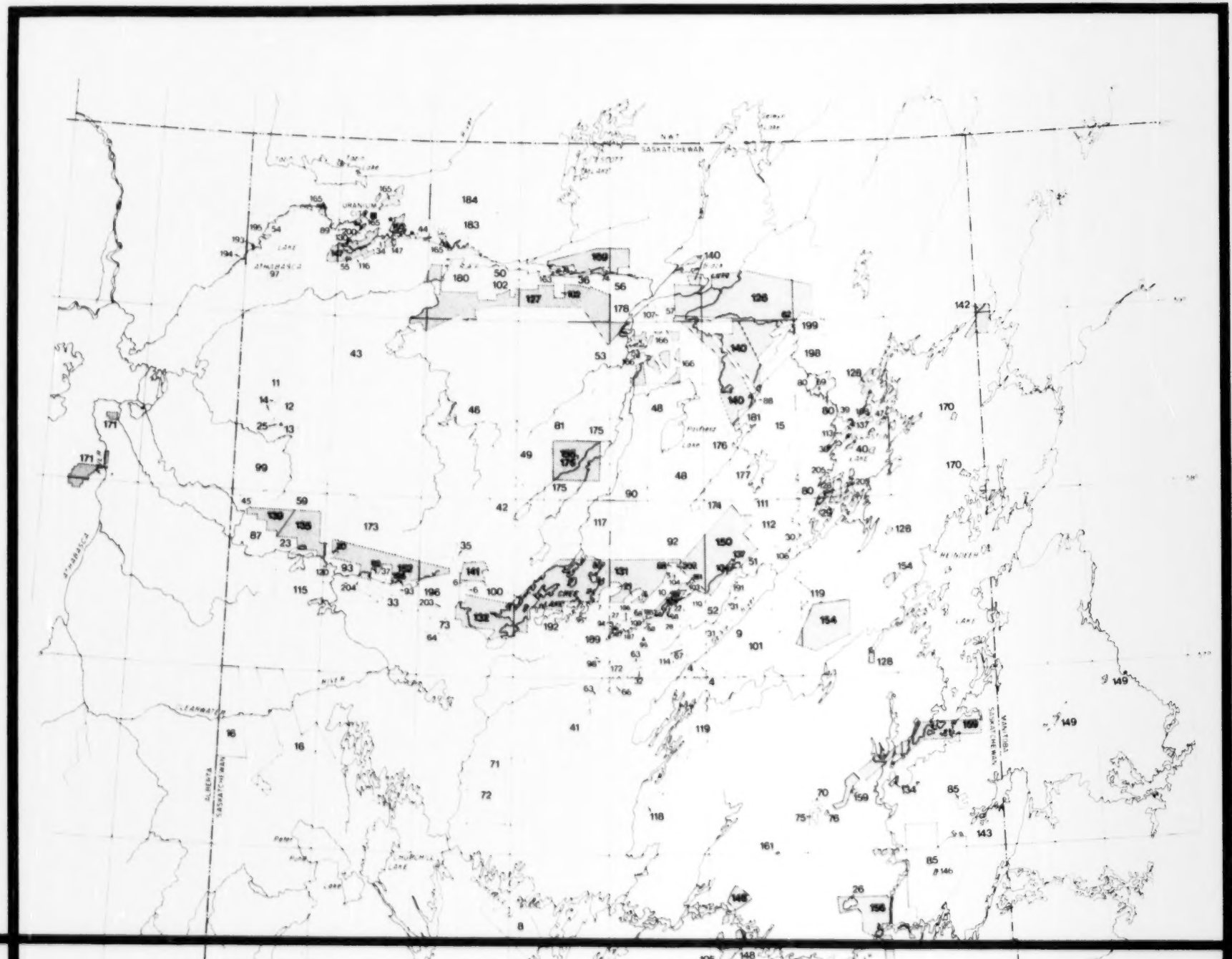
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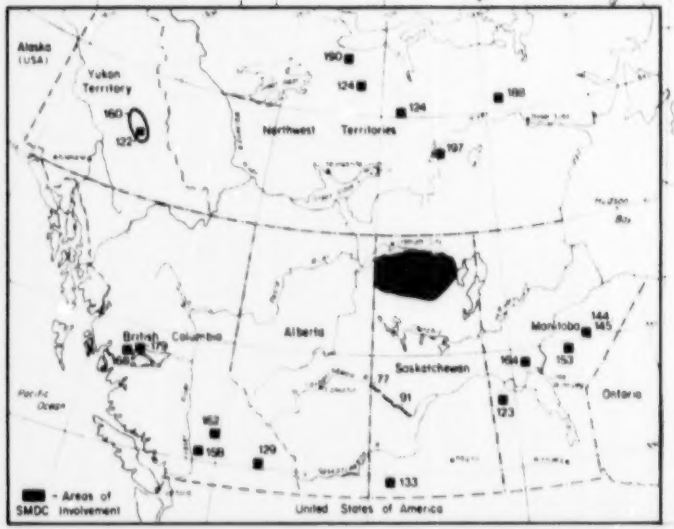
ALBERTA
SASKATCHEWAN
MANITOBA
LAKE ATHABASCA
URANIUM
CREE
LAKE
RIVER



LEGEND

SMDC OPERATED PROPERTIES

PARTNER OPERATED PROPERTIES

Saskatchewan Mining Development Corporation

ACTIVITY MAP

SCALE